



Board of County Commissioners Work Session – Budget 101

February 19, 2015

Presented by Christine Vuletich, Assistant County Manager/CFO

Work Session Agenda

- Budget Development
- Budget Management
- Budget by Organization
- Fund Types
- Tax Revenues
- General Fund Revenues and Expenses

Budget Development Process



Budget Management

Budget Management

- The Budget is managed in accordance with ***State of Nevada Local Government Budget Act*** NRS 354.470-626 & NAC 354.400-600
- ***Budget*** is a plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them
- ***Budget Functions*** are the mandatory categories of:
 - General Govt., Judicial, Public Safety, Public Works, Sanitation, Health, Welfare, Culture & Recreation, Community Support, Debt Service and Intergovernmental

Budget Management

- ***Department Directors and Elected Officials are Responsible for Managing their Budgets in Compliance with NRS 354.626:***

- No governing body or member thereof, officer, office, department or agency within the County may, during any fiscal year, expend any money or incur any liability, or enter into any contract which by its terms involves the expenditure of money, in excess of the amounts appropriated in the budget for that function, with the exception of bond repayments, medium-term obligation repayments and any other long-term contracts expressly authorized by law.

Budget Management - Augmentation

- **Budget Augmentation** is a procedure for increasing appropriations of a fund with the express intent of employing previously unbudgeted resources to carry out the increased appropriations:
 - If resources actually available during a budget period exceed those estimated, the budget may be augmented.
 - Budget augmentations to increase the appropriations of a fund when actual resources exceed those budgeted previously must be approved by a resolution of the governing body at a regularly scheduled meeting, and become effective upon filing the resolution with the State Dept. of Taxation.

Budget Management - Augmentation

- ***Budget augmentations for Grants-in-Aid, Gifts or Bequests*** previously approved by the Governing Body may be approved by Department Directors or Elected Officials designated to administer the budget of that function.
- ***Budget Amendments Due to Legislative Action*** must be filed with the Dept. of Taxation within 30 days of the adjournment of the legislative session.
- Finance Division presents budget augmentations to the governing body for approval three times annually (capital projects & purchase orders carried forward, adjusted opening fund balance, year end adjustments), or as necessary.

Budget Management - Transfers

- **Budget Transfer** is a procedure for transferring budgeted resources within a functions, or between functions, funds or contingency accounts.
- **Budget Transfers Within a Function** may be approved by the Department Director or Elected Official designated to administer the budget of that function upon consultation with the Finance Division.
- **Budget Transfers Between Functions, Funds or Contingency Accounts** must be approved by the Governing Body via resolution, at a regularly scheduled meeting and recorded in the official minutes of the meeting.

Budget by Organization

FY 2014-15 Budget by Organization

Total Budget By Organization	2014-15 Adopted
Douglas County	\$ 130,208,932
Redevelopment Agency	4,698,933
Town of Gardnerville	3,416,270
Town of Genoa	592,545
Town of Minden	10,811,224
East Fork Fire and Paramedic Districts	18,646,313
Total	\$168,374,217

Source: Douglas County, FY 2014-15 Budget Book

Organizations include only Douglas County and organizations for which the County provides accounting, budgeting and financial services.

Fund Types

Fund Types

- A “**Fund**” is a self-balancing set of accounts segregated for specific purposes in accordance with laws and regulations or special restrictions and limitations.
- The County currently accounts for its financial resources in over 100 separate funds, in accordance with Generally Accepted Accounting Principles (GAAP) and the Governmental Accounting Standards Board (GASB).
- Each fund is made up of revenue, expenditure and fund balance accounts, i.e. a separate budget for each fund.

General Fund

General Fund – is the chief operating fund of the County and is used to account for all resources that do not have to be reported in another fund. There can be only one general fund. Budgeted services supported by the General Fund include:

- Sheriff
- Judicial System
- District Attorney
- Clerk/Treasurer
- Recorder
- Assessor
- Community Development
- Public Works (non-utility or road operations)
- General Government
- Health and Sanitation
- Transfers Out to Other Funds

Special Revenue Funds

Special Revenue Funds - are used to account for revenues that are legally restricted or committed to expenditure for a specific purpose.

Examples:

- Room Tax Fund

- 911 Emergency Services Fund

- Social Services Fund

- Airport Fund

- Towns' Operating Funds

- East Fork Fire & Paramedic District's Operating Funds

Capital Project Funds

Capital Project Funds - are used to account for the construction or acquisition of fixed assets, such as buildings, equipment and infrastructure.

Examples:

- Ad Valorem Capital Projects Fund

- Regional Transportation Fund

- County Construction Fund

Proprietary Funds

Enterprise Funds – are used to account for services provided to the public on a user charge basis, similar to operation of a commercial enterprise.

Examples:

- Carson Valley Water Utility Fund
- Regional Water Fund
- Sewer Utility Fund

Internal Service Funds – are used to account for internal operations that serve other funds or departments on a cost reimbursement basis.

Examples:

- Motor Pool Vehicle Maintenance Fund
- Self Insurance Fund
- Dental Insurance Fund

Debt Service Funds

Debt Service Funds are used to account for resources that are restricted, committed, or assigned to expenditures for the payment of principal and interest on long term debt .

Examples:

- County Debt Service Fund

- East Fork Fire & Paramedic District Debt Service Fund

- Town of Gardnerville Debt Service Fund

Fiduciary Funds

Fiduciary Funds are used to account for assets held in trust by a government for the benefit of other entities.

Examples:

Agency Funds: Are non-budgeted funds, used to account for property tax revenues collected by the County on behalf of other local government taxing entities, and passed through to those entities, including general improvement districts, school district, and other special districts.

Trust Funds include: Inmates Trust, and Sheriff's Evidence and Forfeiture Trusts.

Tax Revenues

Tax Revenue by Type

➤ Taxes:

- Property Tax
- Room Tax
- Transient Lodging License Tax
- State Consolidated Taxes
- Gas Taxes
- Sales Tax (PALS Tax)
- Construction Tax

Tax Revenue by Fund

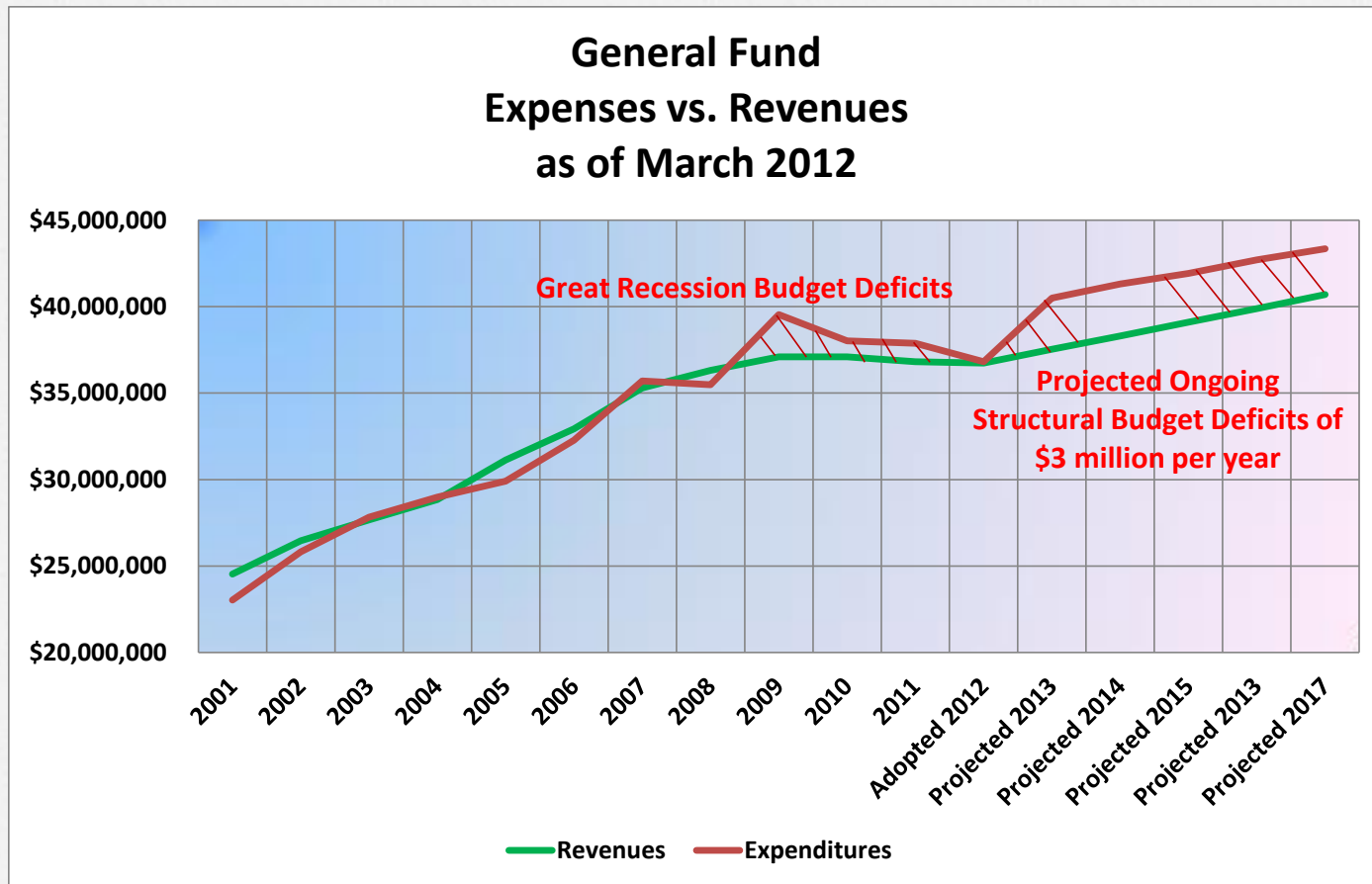
Douglas County Tax Revenue By Fund - FY14/15 Budget								
	Property Taxes	Consolidated Taxes	Room Taxes	Gas Taxes	Sales Tax (PALS Tax)	Construction Tax	Total	
General Fund - Unrestricted Revenue								
General Fund	\$ 18,397,813	* \$ 10,888,520					\$	29,286,333
Special Revenue Funds - Restricted Revenue								
UNR Cooperative Extension	\$ 246,451						\$	246,451
State Motor Veh Accident Indigent	\$ 369,682						\$	369,682
Assistance to Indigents	\$ 1,293,884						\$	1,293,884
Social Services	\$ 756,849						\$	756,849
Road Operating			\$ 1,125,087	\$ 76,923			\$	1,202,010
Room Tax			\$ 6,617,311		\$ 1,616,302		\$	8,233,613
Tahoe Douglas Transportation Dist.			\$ 492,308				\$	492,308
China Spring Youth Camp	\$ 92,078						\$	92,078
WNRYS	\$ 431,038						\$	431,038
911 Operating	\$ 1,170,656						\$	1,170,656
	\$ 4,360,638	\$ -	\$ 8,234,706	\$ 76,923	\$ 1,616,302	\$ -	\$	14,288,569
Construction Funds - Restricted Revenue								
Ad Val Cap Projects	\$ 1,232,270						\$	1,232,270
Regional Transportation	\$ 897,111			\$ 802,090		\$ 100,000	\$	1,799,201
	\$ 2,129,381	\$ -	\$ -	\$ 802,090	\$ -	\$ 100,000	\$	3,031,471
Internal Service Fund - Restricted Revenue								
Risk Mgmt	\$ 246,453						\$	246,453
Total Tax Revenue	\$ 25,134,285	\$ 10,888,520	\$ 8,234,706	\$ 879,013	\$ 1,616,302	\$ 100,000	\$	46,852,826

* Includes \$17,554,378- secure and \$843,435 - unsecure property tax

Source: Douglas County Finance Division

General Fund Revenues and Expenses

Where We Were Three Years Ago



Solutions

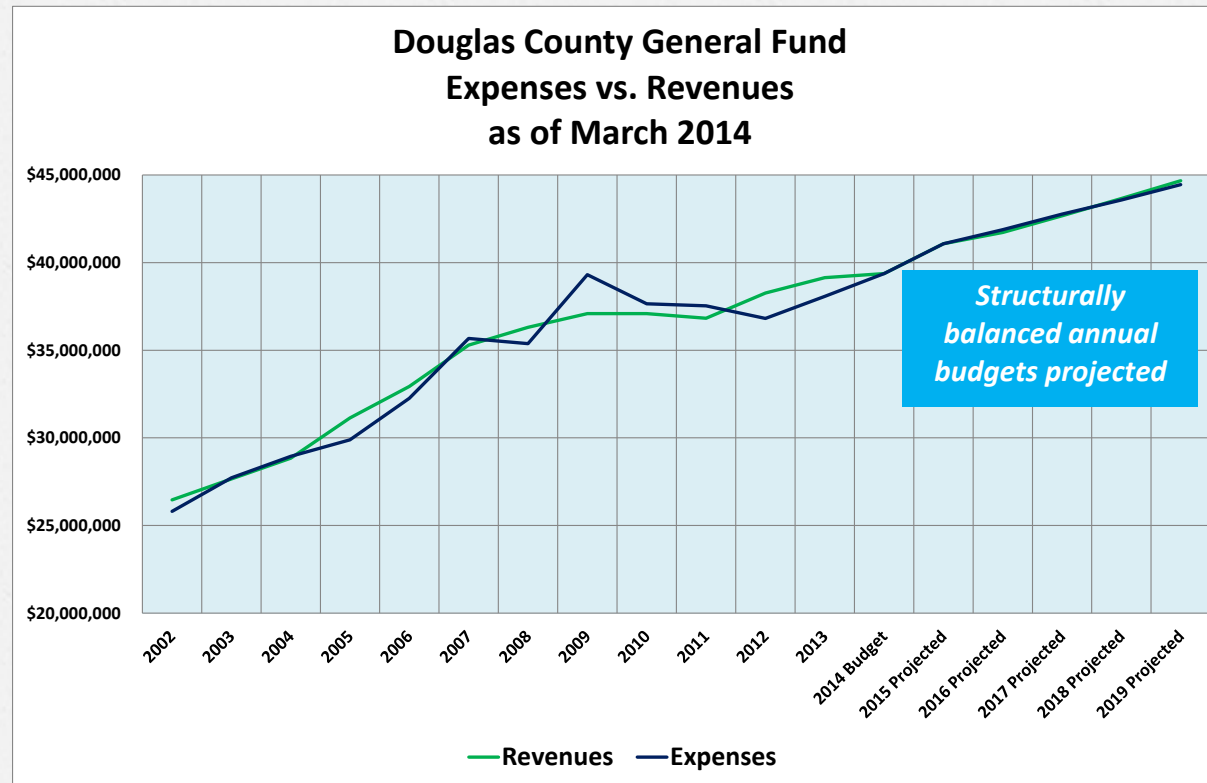
Reduced personnel expenses \$1 million

- Eliminated 65 FTEs County-wide
- Reduced employee salaries and benefits
- Negotiated 3-year contracts with employees to stabilize costs

Implemented Priority Based Budgeting (1st county nationally)

- Funded new budget requests with reallocation of existing budget where possible
- Eliminated some lower priority programs
- Contracted for services with regional partners

Where We Were One Year Ago



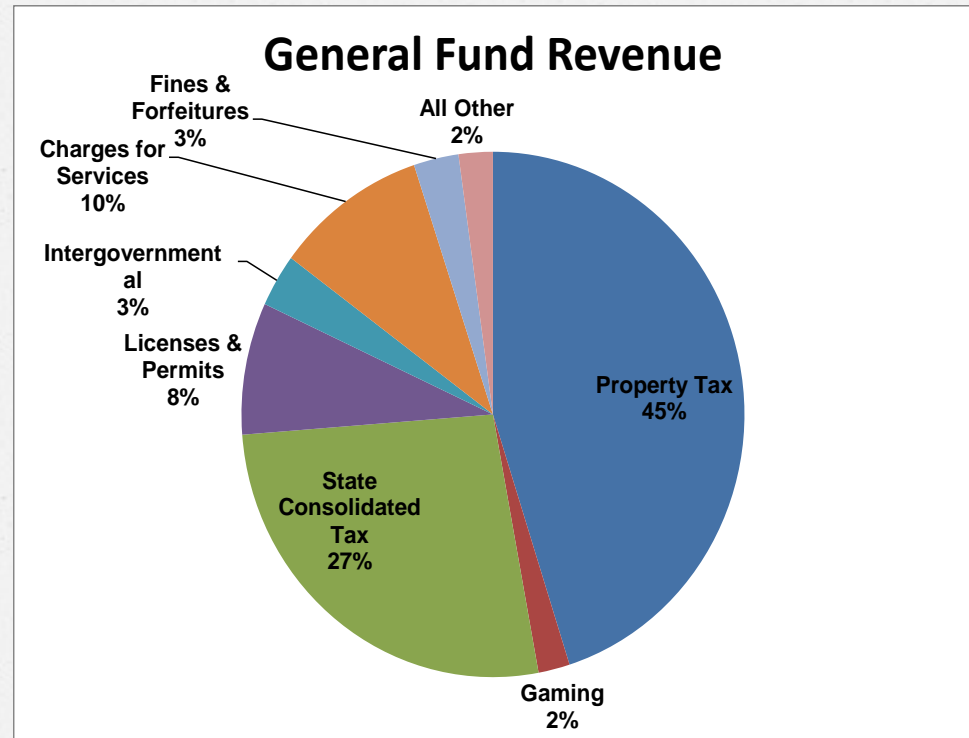
2002-2009	Annual Avg. Growth
Revenues	5.7%
Expenses	7.5%

2010-2013	Annual Avg. Growth
Revenues	1.8%
Expenses	0.4%

Projected 2014-2019	Annual Avg. Growth
Revenues	2.7%
Expenses	2.6%

General Fund Revenue

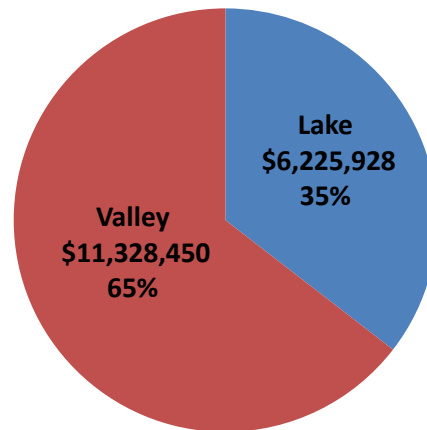
- Property Tax
- State Consolidated Tax
- Licenses and Permits
- Intergovernmental Revenue
- Charges for Services
- Fines & Forfeitures
- Miscellaneous Other Revenue



Source: Douglas County FY 2014-15 Budget

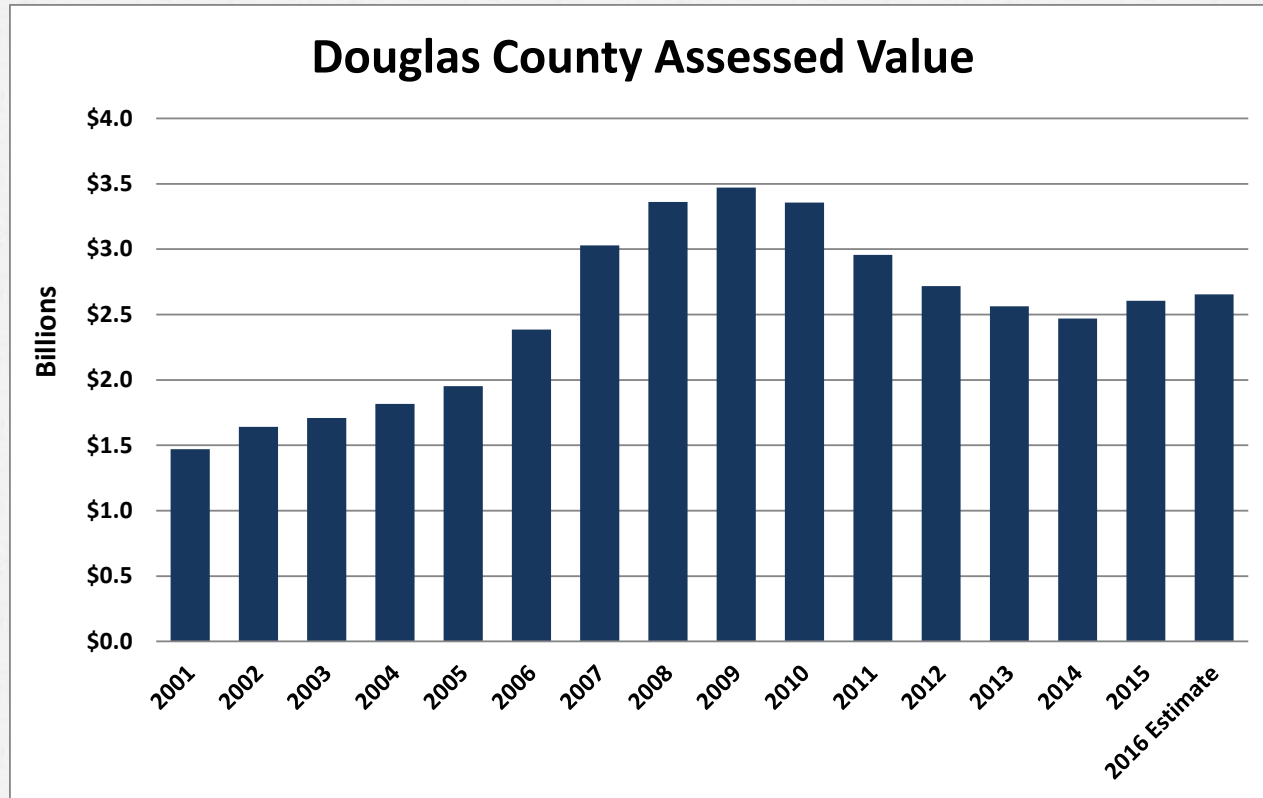
General Fund Property Taxes

**Secure Property Taxes
FY14-15
Douglas County General Fund**



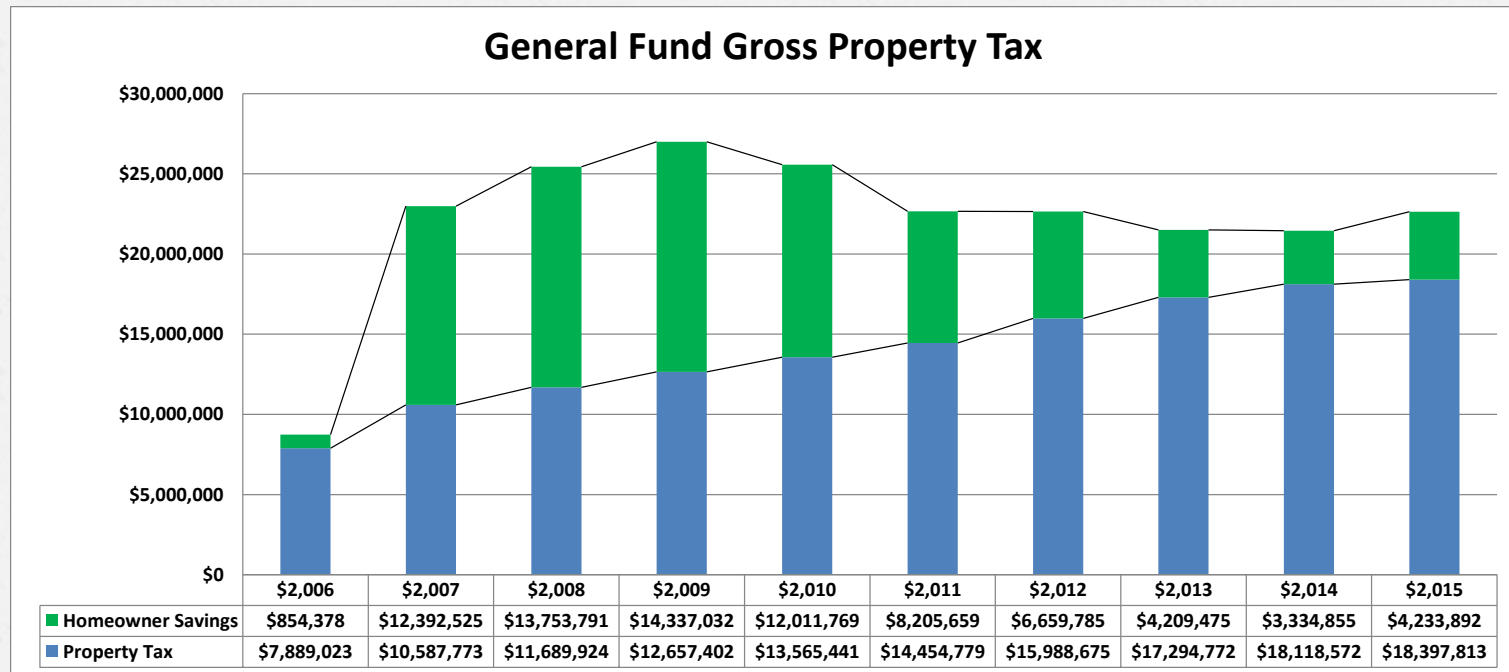
Source: Douglas County audited financial data

Assessed Value



Source: Douglas County Assessor

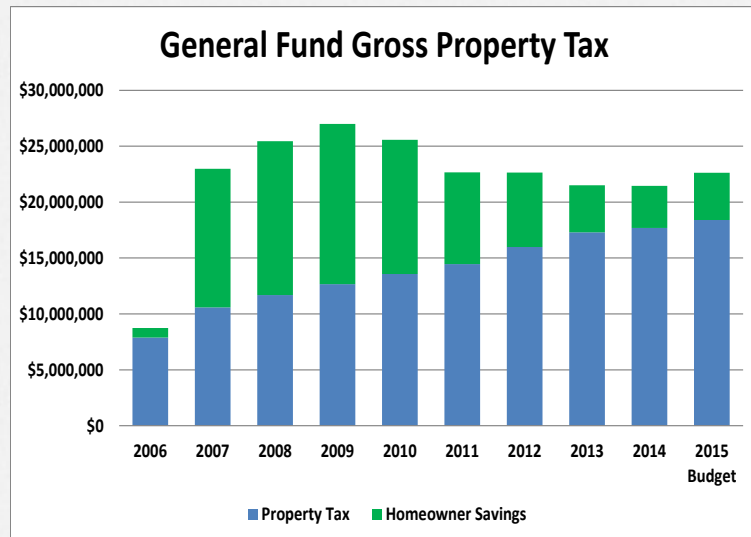
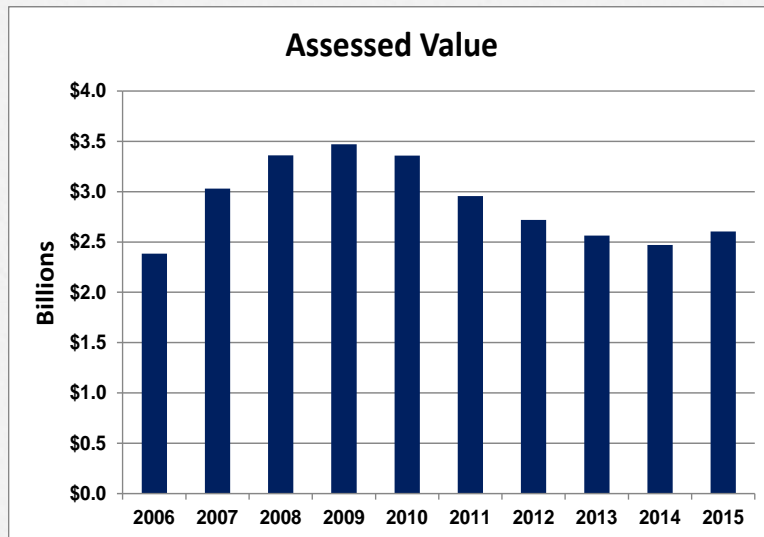
General Fund Gross Property Taxes



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 Budget
Annual \$ Change in Property Tax	\$ 589,123	\$ 2,698,750	\$ 1,102,151	\$ 967,478	\$ 908,038	\$ 889,338	\$ 1,533,896	\$ 1,306,097	\$ 389,902	\$ 713,139

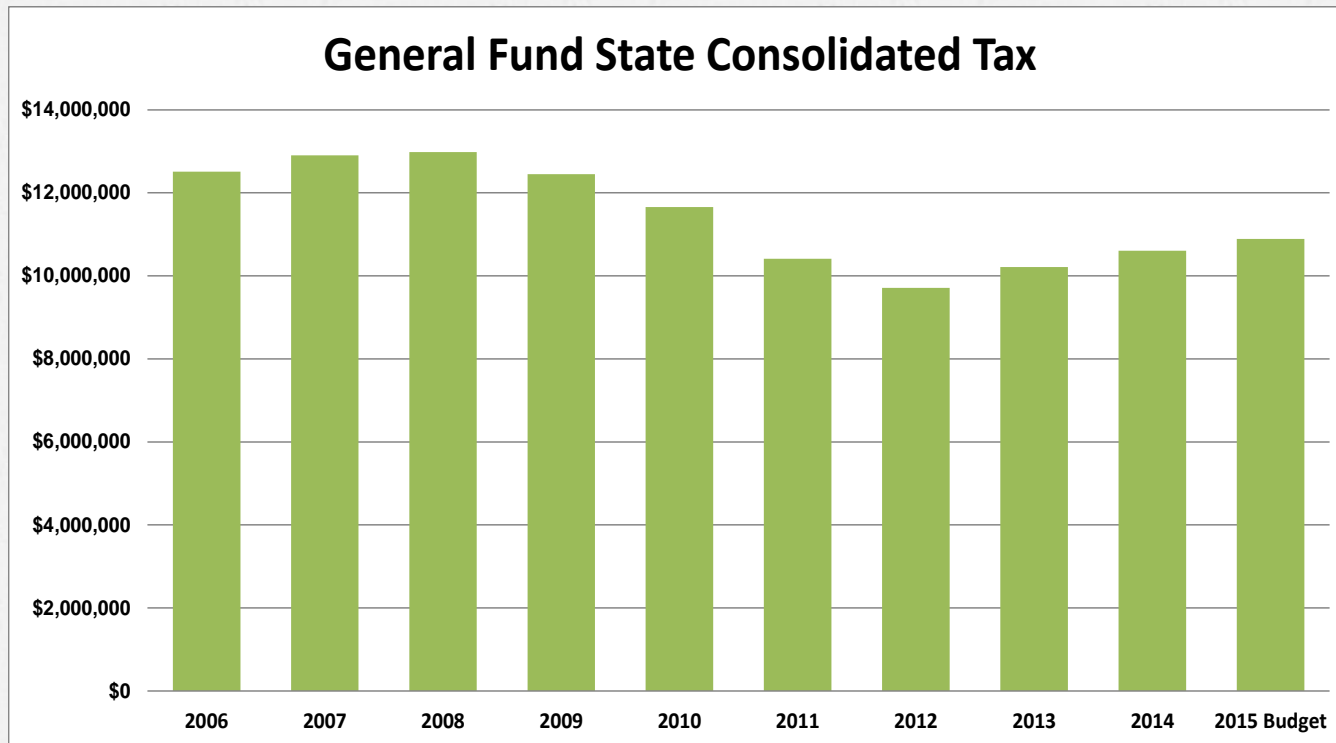
Abatement slowed the growth in County Property Taxes by providing savings to homeowners.

Assessed Value vs. Property Tax



Assessed Value and Gross Property Taxes follow the same trend.

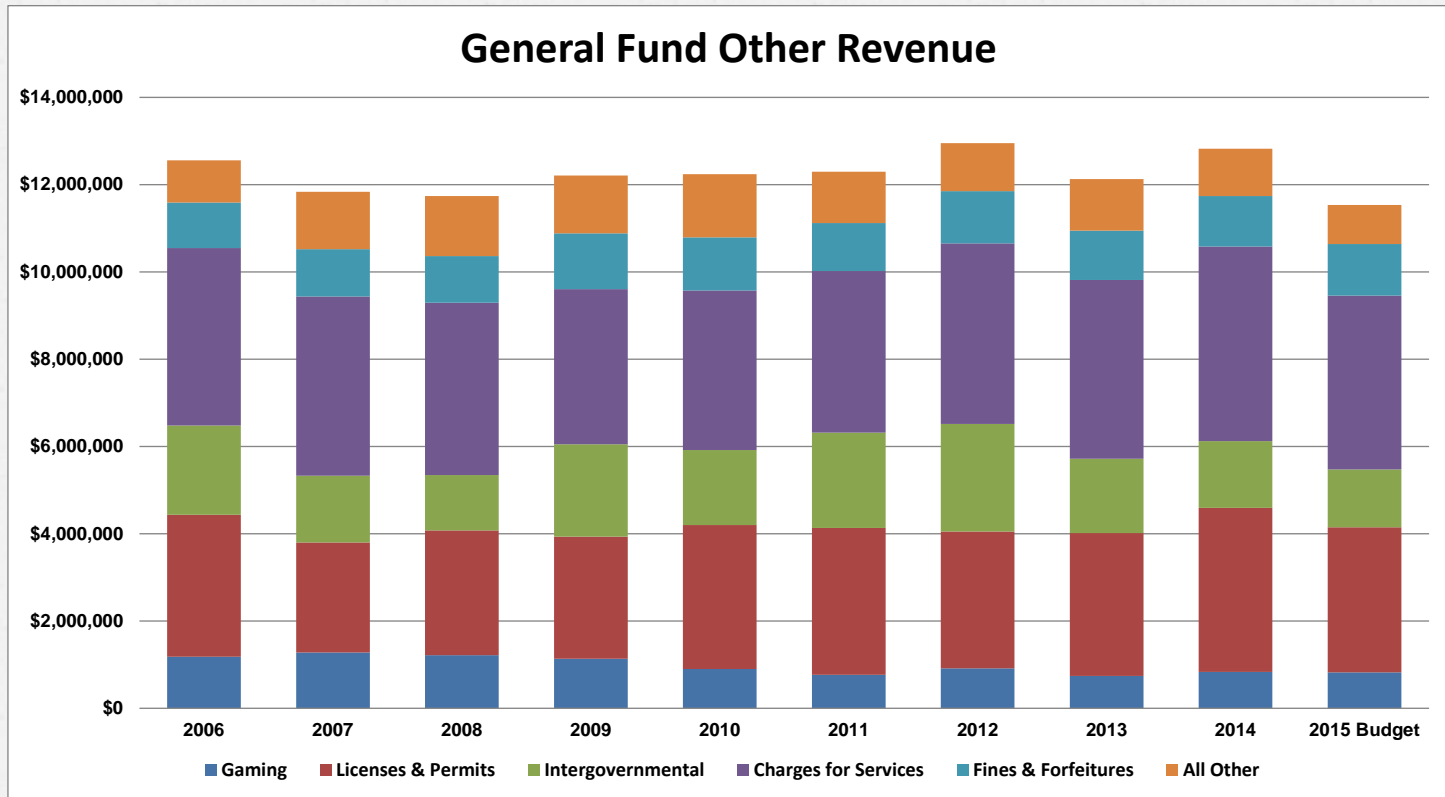
General Fund State Consolidated Tax



Consolidated Taxes declined significantly during the Great Recession.

Source: Douglas County audited financial data

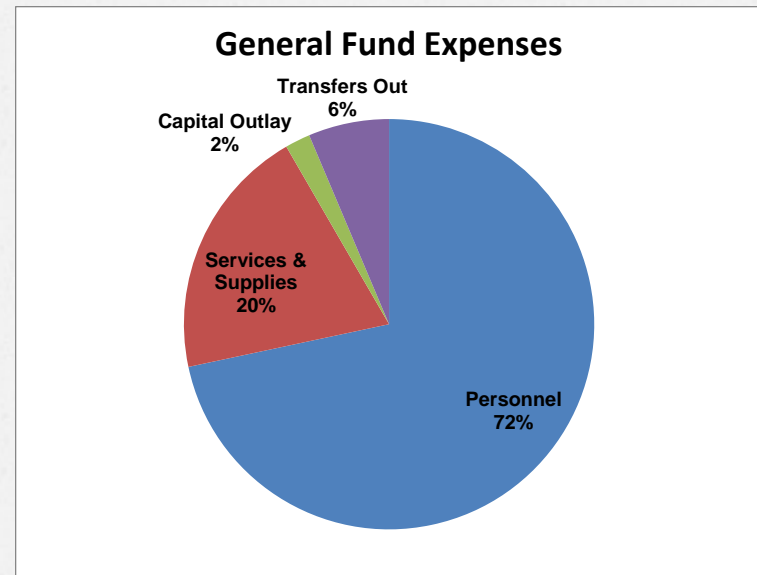
General Fund Other Revenue



Other General Fund revenues have remained relatively flat or declined.

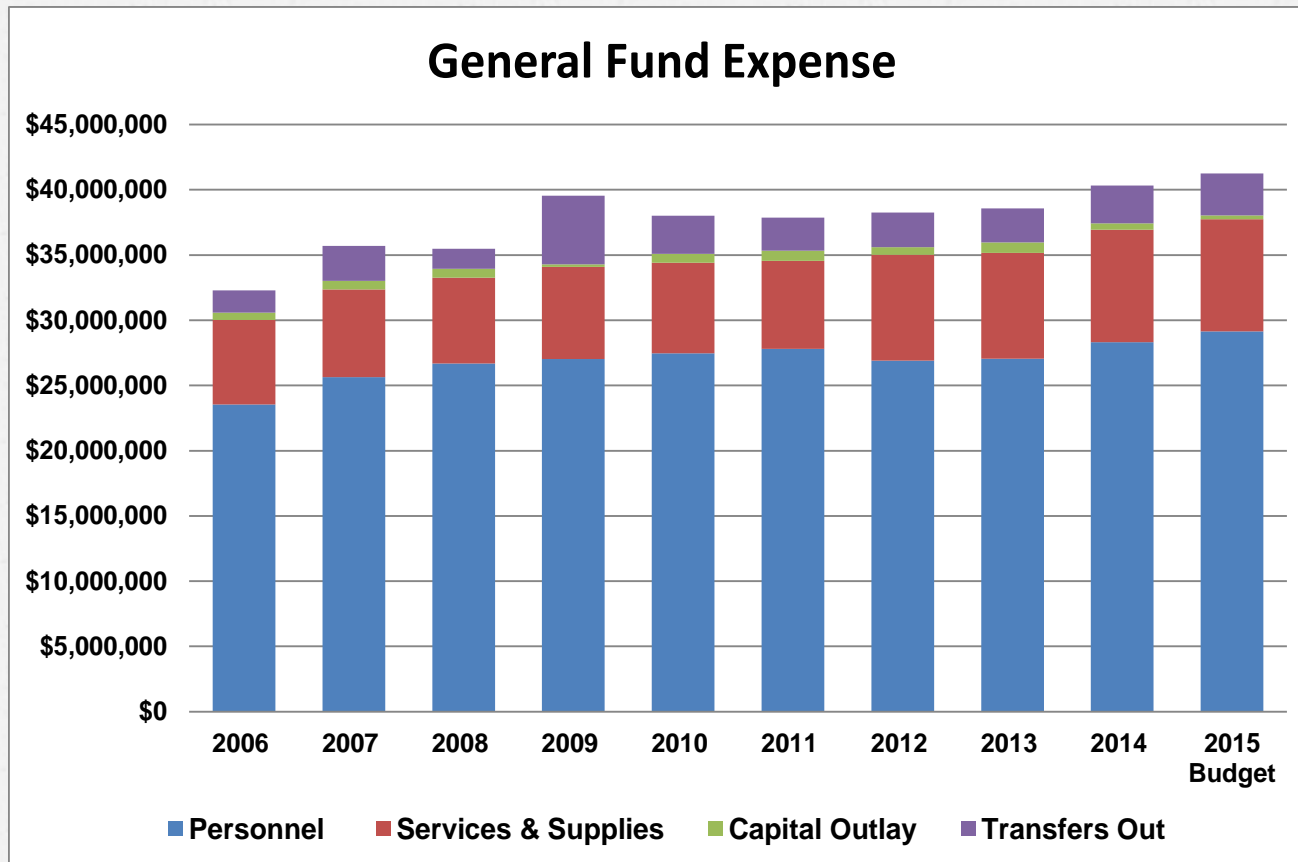
General Fund Expenses

- Personnel
- Services and Supplies
- Capital Outlay
- Transfers Out



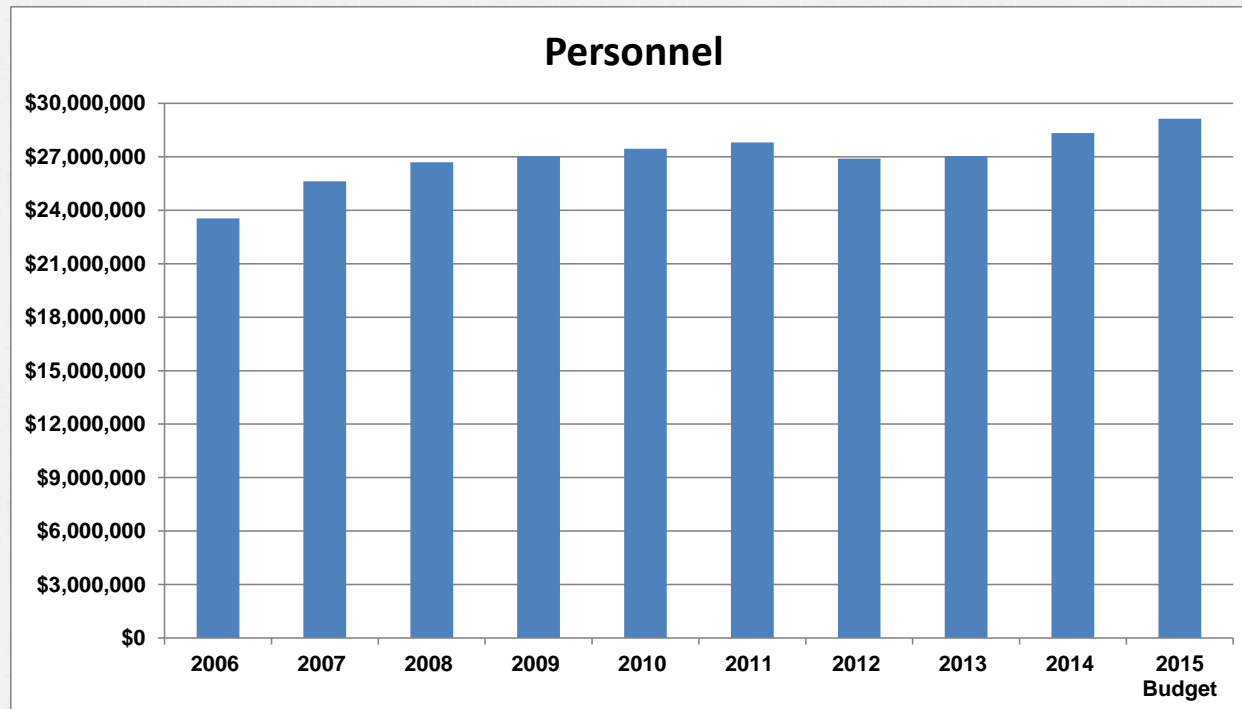
Source: Douglas County FY 2014-15 Budget

General Fund Expenses



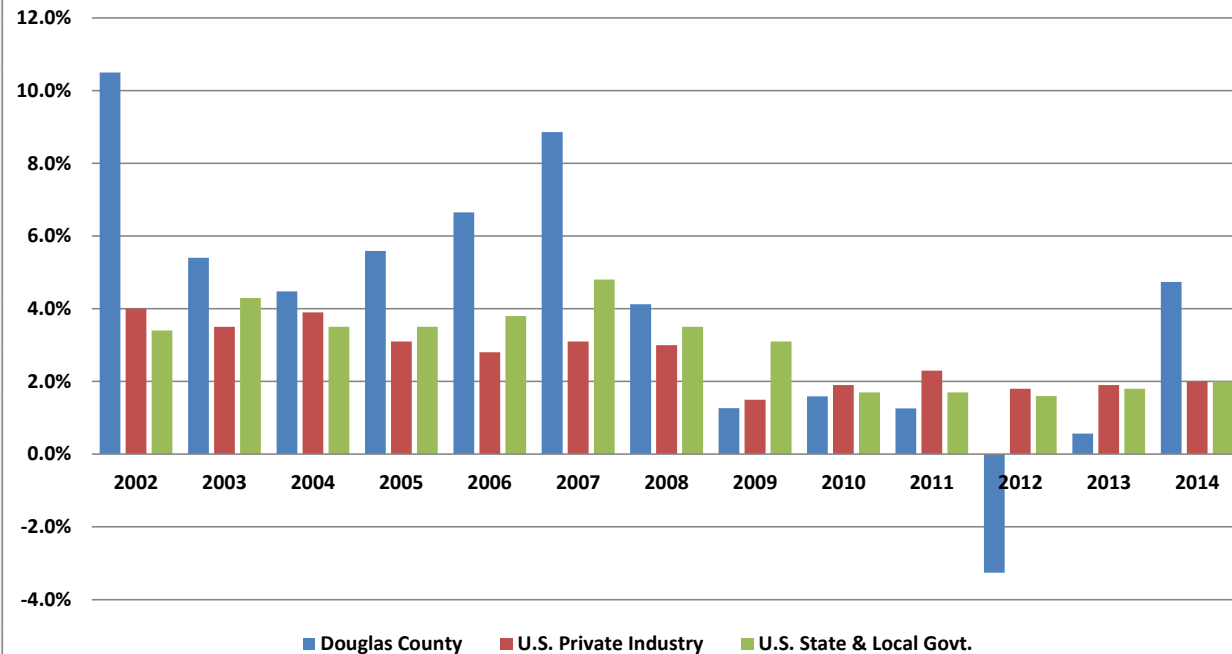
Source: Douglas County audited financial data

General Fund Personnel Expenses



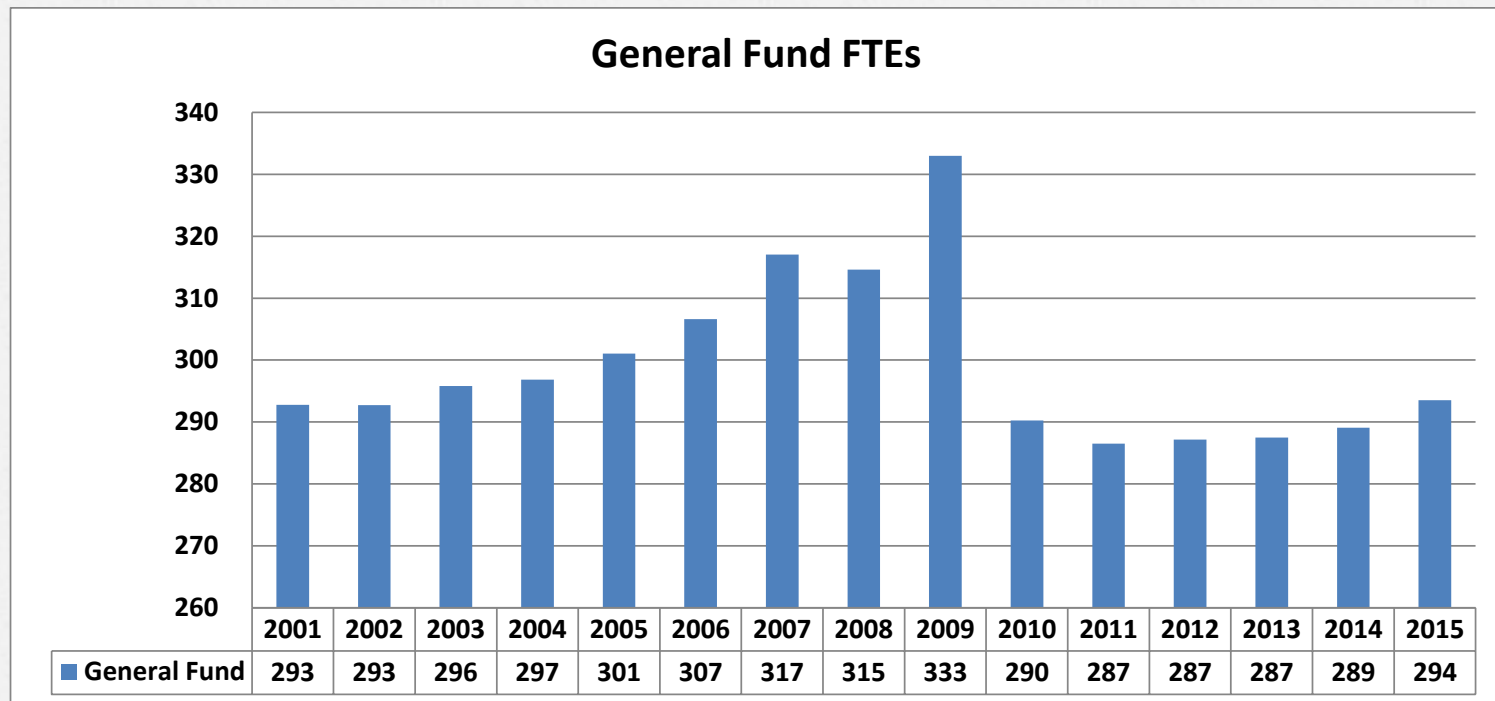
Personnel expenses were reduced by \$1 million in 2012, and have increased as salary reductions were restored per labor agreements and positions were added.

General Fund % Change in Total Personnel Costs



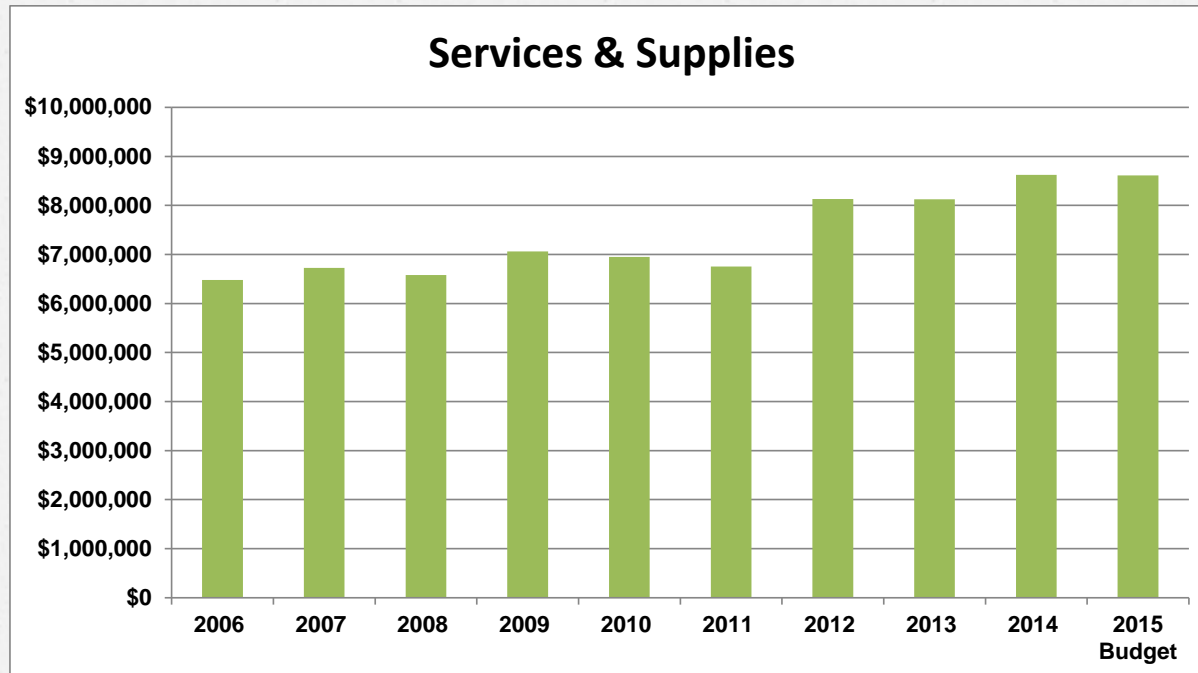
- 2002-2008 Douglas County's annual growth in personnel costs exceeded U.S. private industry and state/local government
- 2012 County had negative growth due to lay-offs and salary reductions
- 2014 personnel costs grew per labor agreements to restore salaries

General Fund FTEs



General Fund FTE's were significantly reduced in 2010 and today are at essentially the same level as in 2002.

General Fund Services & Supplies

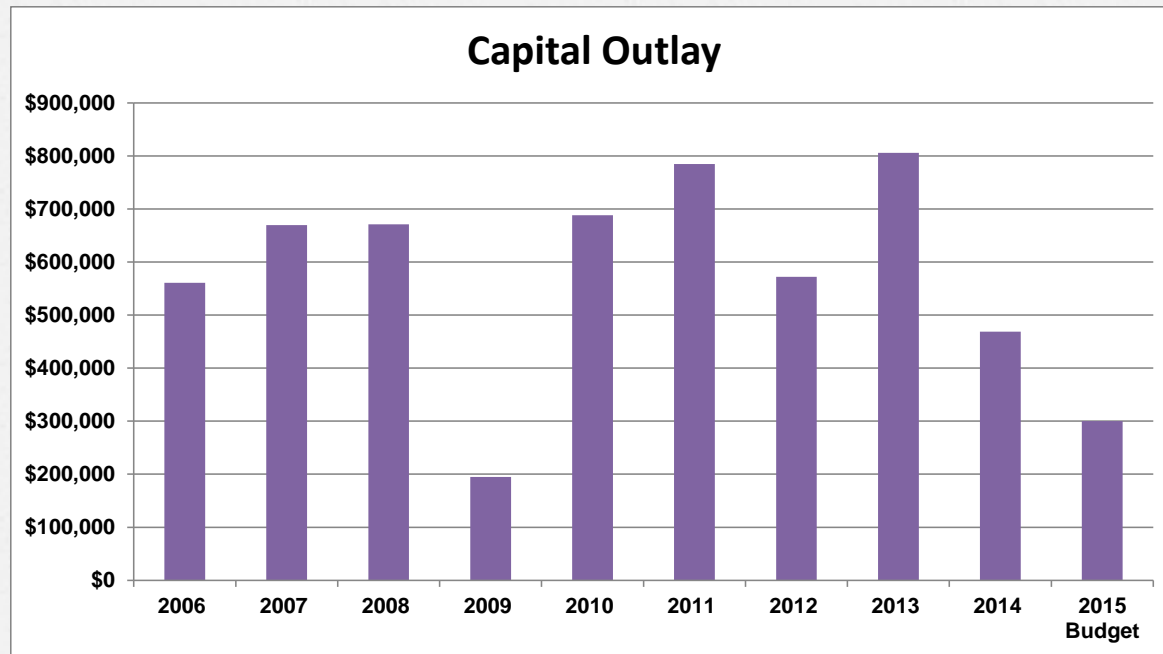


Changes in Services & Supplies Since 2011

2011 Legislative Session Mandates	\$	376,261
Outsourced/Contracted Services		365,403
Added Public Defender		199,000
Risk Management - Property Insurance		155,089
Motor Pool Vehicle Replacements		121,850
Community Grants		88,858
	\$	<u>1,306,461</u>

Source: Douglas County audited financial data

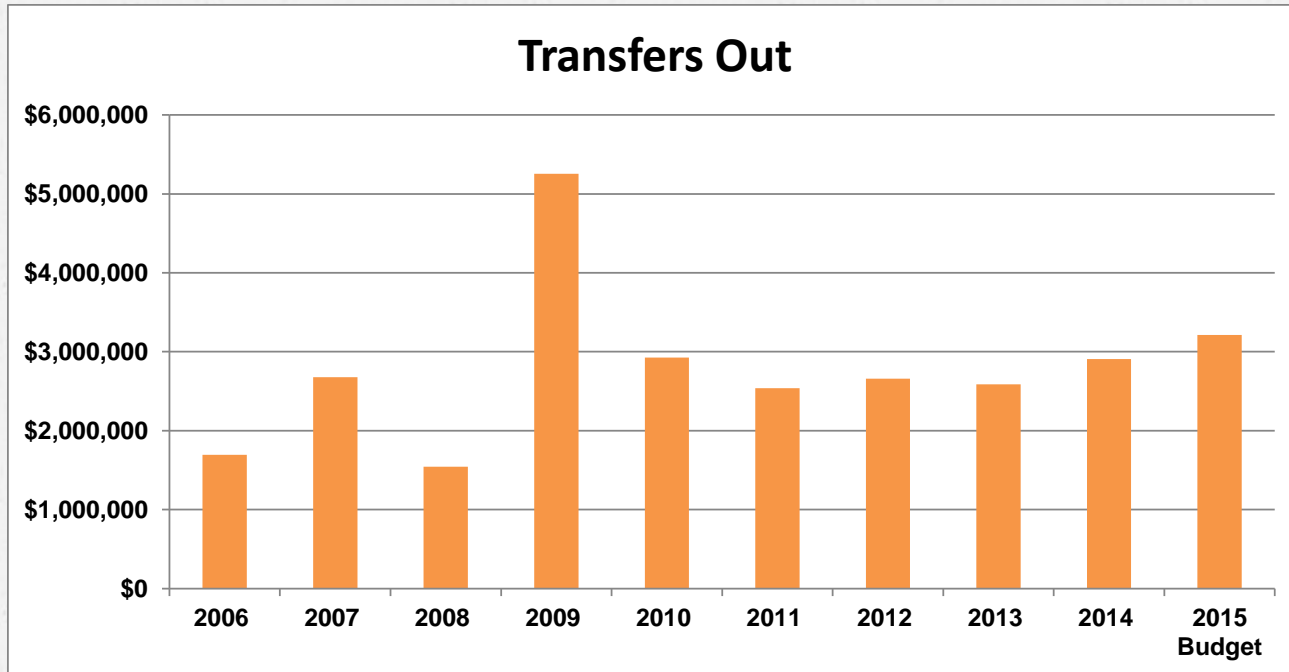
General Fund Capital Outlay



- Reduced equipment purchases, capital projects and Sheriff's vehicle replacements in 2009
- 2010 -2013 included equipment, vehicles and grant funded Microwave Communications project

Source: Douglas County audited financial data

General Fund Transfers Out



- 2009 \$3.8 million one-time revenue transferred to County Construction, Risk Management, Extra-ordinary Maintenance, and Stabilization Funds
- 2014 \$1 million ongoing revenue transferred to Roads
- 2015 \$2 million ongoing revenue transferred to Roads

General Fund FY 2015-16 Budget Next Steps

- Revenue Projections
- Compile Departments' Expense Budgets
- Review Requests for New Funding (Positions, Services & Supplies, Capital, etc.)
- Update Five-Year Projection
- Prepare Tentative Budget for Workshops (March 23 & 24)
- Successfully Complete Labor Negotiations



Questions?